

The State Treasurer's Office Presents

ANALYSIS OF CREDIT CARD FINANCING



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Idaho State Treasurer

THE ABC'S OF CREDIT CARD FINANCING

Essential Facts for Students
Presented by State Treasurer's Office

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ESSENTIAL FACTS.....

- Do you need a credit card?
- How will you use your credit card?
- What are the costs?
- Dos and Don'ts
- There is always a solution



QUESTION?

**DO YOU NEED A CREDIT
CARD?**



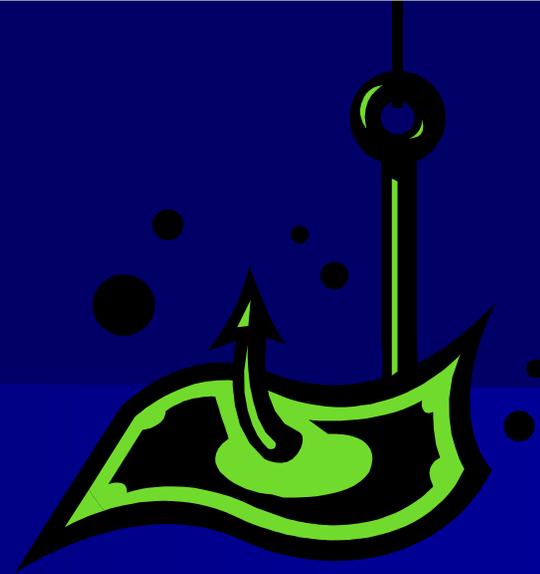
DO YOU NEED A CREDIT CARD?

- Source of Identification
- Establish credit history
- Convenience
 - Car Rentals
 - Hotels
 - On-line shopping

CREDIT CARD COSTS



COSTS:



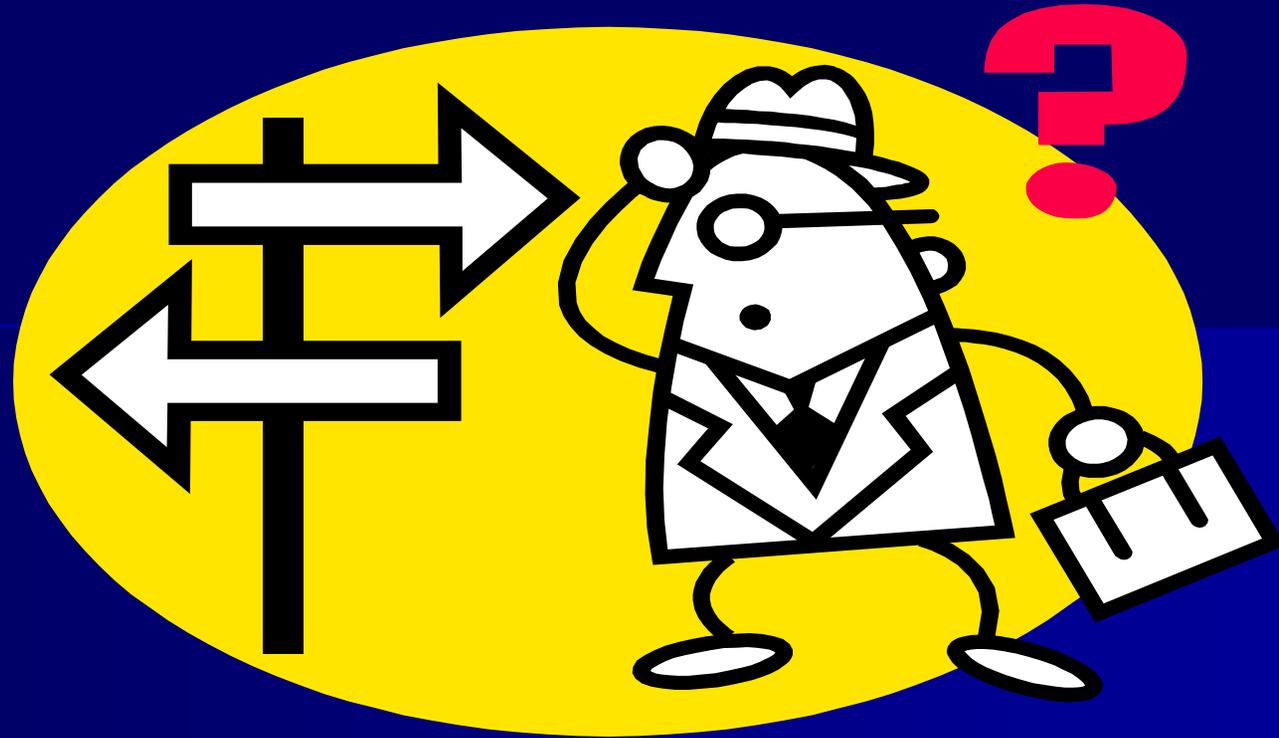
- Annual Fees
- Interest
 - Annual Percentage Rate (APR)
- Average Daily Balance Method
- Cash Advances
- Convenience Checks
- Penalty Rates



- Low Interest Teaser Rates
- Balance Transfers
- Late Fees
- Over Credit Limit Fees
- Bounced Check Fees
- Currency Conversion Fees

WHAT ARE YOUR LIABILITY LIMITS?

- Lost or stolen cards - \$50 (provided by the federal Truth in Lending Act) – no need to purchase insurance to cover amounts over \$50
- Billing Errors – The federal Fair Credit Billing Act covers billing errors – you do not have to pay the amount of error or any interest on that amount



CHOOSING A CREDIT CARD

LOOK FOR



- A Low Annual Percentage Rate (APR)
- No Annual Fee
- A Long Grace Period
- Average Daily Balance Method
- Low Penalty Rates

WHAT ABOUT AFINITY CARDS?

- Cards that offer points that are converted into frequent flyer miles or into merchandise
- The decision to choose an affinity card depends on what the other features are
 - What is the interest rate
 - What are other costs
 - Is there an annual fee
- Shop and compare before you decide!



TYPES OF CREDIT CARD USERS

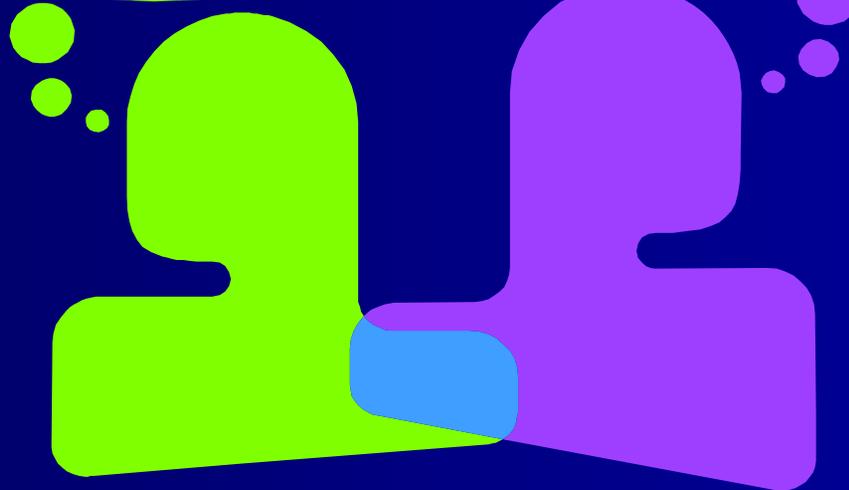
- Convenience Users
- "Revolvers"



DOS AND DON'TS

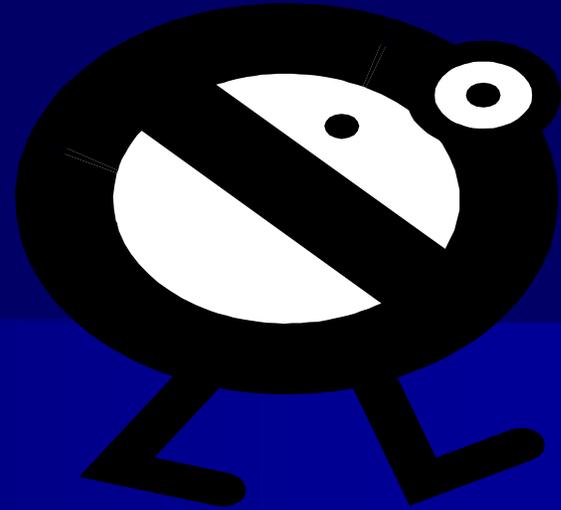
YES

NO



- One Card
- Student Loans for Tuition
- Want vs Needs
- Convenience
- Pay More Than the MMP
- Be a Manager





- Don't Skip Payments
- Pay on Time
- Don't Exceed Your Credit Limit
- Cash Advances
- Convenience Checks
- Be Wary of Teaser Rates

- Credit Card Shuffle
- Low Credit Limit
- Quickly Mail Payments
- Save Receipts
- Change of Address
- Lost and Stolen Cards





**THERE'S ALWAYS A
SOLUTION**

GETTING OUT OF DEBT

- Don't Deny the Problem
- Stop Using Your Card
- Contact Your Credit Card Issuer
- Get a Job
- Reduce Expenses
- Talk about Your Problems
- Debt Consolidation





CREDIT REPORTS & CREDIT SOURCES

CREDIT REPORT



- Collection of Information
- Financial Report Card
- Lenders Use this Information
- 3 Main Credit Reporting Agencies
- Regularly Review Your Credit Reports

CREDIT SCORE



- Numeric Value Applied to a Credit Report
- Usually Called a FICO Score
- Higher is Better

WHAT GOES INTO OUR CREDIT SCORES?

- Pay Bills on Time
- Unresolved Debt
- Number of Cards and Their Balances
- How Long
- Quest for New Credit



**CONSEQUENCES OF
IRRESPONSIBLE
CREDIT CARD USE**

- Denial of Credit
- High Interest Rates
- The Universal Default Clause
- Difficulty Renting an Apartment
- Denied Employment
- Graduate School Rejection
- Higher Insurance Premiums
- Big Bucks for Cell Phones

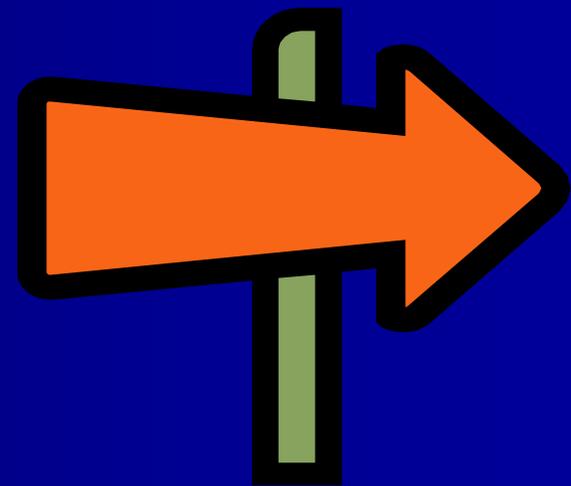


IDENTITY THEFT



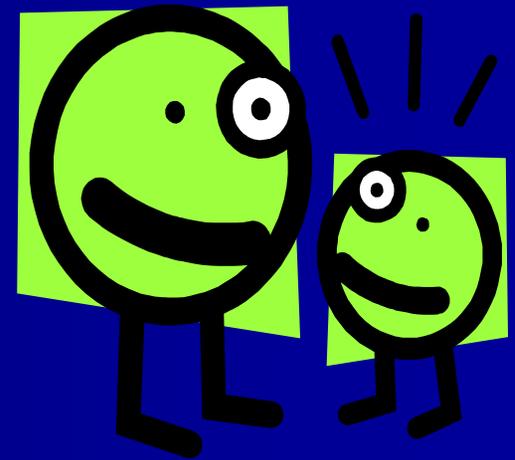
SIGNS OF IDENTITY THEFT

- Card/Statement Not Requested
- Statement Not Received
- Unauthorized Charges
- Denied Charges
- Debt Collectors



MINIMIZE THE RISK...

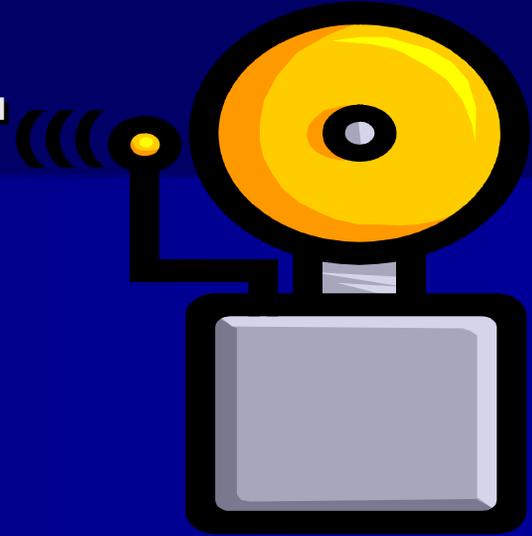
- Keep Personal Information Personal
- Don't Use Social Security Number
- Leave Social Security Card Home
- Carry Only What's Needed
- Photo ID Credit Card
- Know Your Billing Cycles



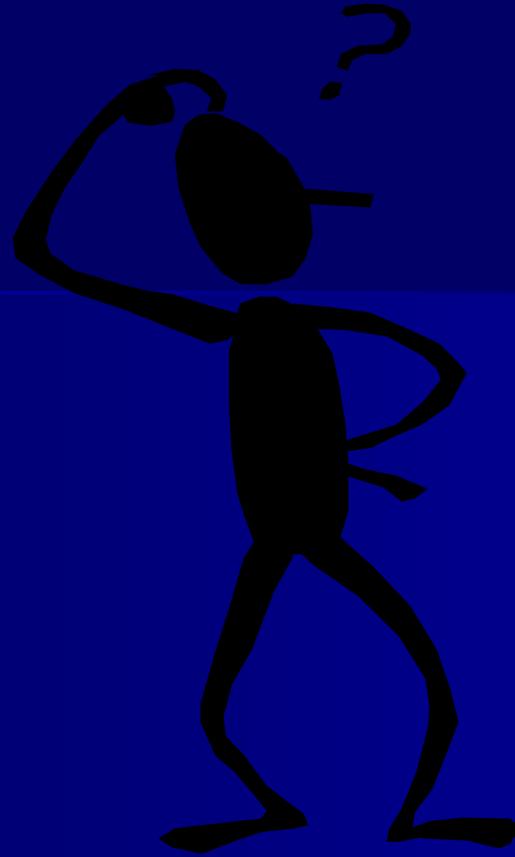
- Shred Receipts
- Use the Post Office
- Creative Passwords
- Purchase on Secure Websites
- Keep Personal Information Safe
- Review Credit Reports
- Computer Virus Protection



VICTIMS OF IDENTITY THEFT SHOULD...



- Contact the Big Three
- Fraud Alert 
- Order Free Credit Reports & Review
- Call Fraud Departments
- Close Fraudulent Accounts
- File a Police Report
- Contact the FTC



QUESTIONS?